Opening Statement of the Honorable Ed Whitfield
Subcommittee on Energy and Power
Hearing on "American Energy Security and Innovation: The Role of Regulators and Grid Operators in Meeting Natural Gas and Electric Coordination Challenges"
March 19, 2013

(As Prepared for Delivery)

Two weeks ago, we held a hearing exploring the importance of a diverse electricity generation portfolio, one that includes coal, natural gas, nuclear, and renewables. One of the lessons from our recent fuel diversity hearing is that we need to avoid an overreliance on any one source of fuel for electricity. In my view, natural gas complements coal, but should not serve as a replacement for it. Today, we will focus on the biggest change in the generation mix in the U.S., which is the rapid growth in the use of natural gas to generate electricity.

I might add that the flip side of our discussion about the challenges of ramping up natural gas-fired generation is that coal has a number of advantages that have not been fully appreciated by this administration. To take one example, having an extra supply of coal on hand to deal with any contingency is as simple as keeping a pile of it on site, a convenience that often seems to be taken for granted. Coal remains one of the lowest cost options for electricity generation and is the fastest growing energy source worldwide, yet we have allowed EPA to engage in regulations on coal-fired power plants without thinking through all of the consequences.

I do not think it's realistic to meet the electricity needs of America without the use of fossil fuels, nuclear power, and those fuels that provide our base load needs. And I hope that maintaining a future role for coal, including new, advanced coal-fired power plants, is also a part of today's discussion.

It is certainly true that generating power from natural gas has many benefits as well, especially given that domestic supplies are increasing and current prices are relatively low. But, we are learning that there are some very real challenges to integrating more natural gas into the power sector. We are pleased to have an excellent slate of witnesses today who will discuss some of these challenges and describe for us how they are meeting them to ensure the continued supply of affordable and reliable electricity.

At the heart of the issue is the fact that electricity is a 24 hours-a-day, 7 days-a-week, 365 days-a-year business with daily – and hourly – changes in supply and demand. This complexity poses challenges to grid owners and operators incorporating more natural gas-fired generation into their systems. Greater coordination among the natural gas and electric industries is needed to ensure that these challenges can be met.

One challenge is there are certain physical constraints, such as whether current natural gas pipeline and storage infrastructure will be adequate to deliver increasing amounts of natural gas to power plants. But there are also market and regulatory challenges in some regions, such as scheduling natural gas supplies to match up with electricity needs. Many of these challenges are state and regional issues as well as federal ones, which is why we will hear from those representing these levels of government.

The challenges of heavier reliance on natural gas-fired generation have been highlighted by recent cold spells. Electricity demand goes up when the temperature goes down, but so does demand for natural gas to meet the heating needs of residential customers. As a result, regions with a high proportion of natural gas-fired generation see a dual burden on supplies during periods of unusually cold weather. We need to take steps to ensure that the lights stay on at an affordable rate through cold snaps as well as other occasional but inevitable events that put strain on the system.

America's newfound abundance of natural gas is a blessing and should play an important role in contributing to our energy needs. But we need to take steps to properly integrate it into the electricity portfolio. I look forward to learning about the best ideas for doing so.

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